

**GOVERNMENT OF INDIA
INFORMATION AND BROADCASTING
LOK SABHA**

STARRED QUESTION NO:403
ANSWERED ON:21.08.2003
CHANGE IN LICENCE FEE STRUCTURE FOR FM RADIO
AMBATI BRAHMANIAH;SURESH RAMRAO JADHAV (PATIL)

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

- (a) the terms and conditions laid for granting FM Radio licencing and the procedure adopted therefor;
- (b) whether certain private FM Radio operators have surrendered their licences due to uneconomic licence fee structure;
- (c) if so, the details thereof and the criteria of fixing the fee for granting licence;
- (d) whether the Government propose any change in the licence fee structure to make it viable;
- (e) if so, the details thereof; and
- (f) if not, reasons therefor;

Answer

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI RAVI SHANKAR PRASAD)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 403 FOR ANSWER ON 21.08.2003

(a) The Government had invited tenders for private FM broadcasting in Oct' 1999. The companies had to fulfil certain eligibility criteria viz registration in India under Indian Companies Act, 1956, share holding to be held by Indians except for limited portfolio investment by FII, NRI & OCB's, documentary proof regarding financial & managerial competence etc.

The auction was held in March 2000 and those found successful signed the Licence Agreements after being security cleared by MHA and submitting requisite Bank Guarantees. Licensing terms & conditions inter alia included setting up of common collocated infrastructure in the four metros and individual towers in the non-metros within 12 months from the date of frequency earmarking by the WPC. The licencees are required to adhere to the Programme and Advertisement Standards and Codes, broadcast programmes on music, education, entertainment and information but exclude News and Current Affairs, pay licence fees on an annual basis, in advance etc.

(b) Licence Agreements were signed with 16 Companies for 37 stations in 19 Cities. As on date 11 companies have operationalised 22 stations. This includes one company whose licence has been revoked but is operating under order of Court. Seven Companies in respect of 13 stations failed to operationalise within the prescribed periods upon which action was taken under terms and conditions of Licence Agreement. Licencees have expressed difficulty in carrying on FM radio business under the prevailing licence fee structure.

(c) The level at which the licence fee was arrived at, was not fixed, but was based on bids quoted by the applicant companies, at the time of auction held in March 2000. As per terms and conditions of licence agreement there is a 15% increase in the licence fees every year. The licence is valid for 10 years.

(d) to (f) The existing licencees are governed by the Licence Agreement, which provides for advance annual payment of licence fees.

By an order dated 24.07.2003 a committee has been constituted to make recommendations for Radio Broadcasting for Phase-II. The TOR inter alia include determining a transparent and effective bidding/auction process to be adopted for allotment of frequencies, studying the desirability and legal implications of making modifications in licencing regime of Phase 1 licences should a different licencing regime be adopted for phase-II etc.